

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7231

BILL NUMBER: SB 550

NOTE PREPARED: Jan 21, 2013

BILL AMENDED:

SUBJECT: Driving Authority Permit.

FIRST AUTHOR: Sen. Mrvan

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for the issuance of driving authority permits, probationary driving authority permits, and driving authority learner's permits to residents of Indiana who cannot provide proof of identity and lawful status in the United States. The bill provides that permits may not be used for federal identification or for any federal purposes.

The bill requires that an individual who holds a permit and operates a motor vehicle must ensure that financial responsibility on any motor vehicle that the holder operates is continuously maintained in the amounts required by law. The bill also makes conforming amendments.

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill requires the Bureau of Motor Vehicles (BMV) to issue a driving authority permit to individuals who cannot provide proof of identity and lawful status in the United States, but can otherwise prove they are state residents. Increases in workload to issue three new types of licenses are within the routine administrative function of the BMV and are expected to be absorbed within current staffing and resource levels as well as with fees for the issuance of driving authority permits.

Explanation of State Revenues: *Summary:* This bill could increase revenue received from fees for driving authority permits, driving authority learner's permits, and probationary driving authority permits.

The bill could also increase state revenue by requiring individuals that hold driving authority permits to maintain financial responsibility.

However, certain provisions of the bill could also make the state noncompliant with federal regulations contained in the REAL ID Act. To the extent the federal Department of Homeland Security determines the state is noncompliant with the REAL ID Act, the state could lose federal grant funding.

Additional Information:

Driver's License and Permit Fees: The bill establishes three different new types of licenses: a driving authority permit, learner's permit, and a probationary permit. The bill establishes the fees for the driving authority permit and the probationary permit to be \$9 and \$6, respectively. The bill is silent on the fees for a driving authority learner's permit.

Currently, the BMV charges fees by administrative rule in excess of the fees prescribed in statute. If the BMV, by rule, charges similar fees for the issuance of the three new licenses, revenue could increase. Because the possible demand for this new license type is unknown, revenue generated from these fees is indeterminable.

	Current Driver's Licenses	Current Learner's Permits	Current Probationary Driver's Licenses
Motor Vehicle Highway Account	\$6	\$0.50	\$4
Crossroads 2000 Fund	\$3	\$2	\$2
BMV Technology Fund	\$0.50	\$0.50	\$0.50
Anti-Terrorism Fund	\$1.25	\$1.25	\$1.25
BMV Commission	\$10.25	\$4.75	\$10.25
Total	\$21	\$9	\$18

Federal REAL ID Act: The federal REAL ID Act requires applicants to provide documentation demonstrating they are legally present in the United States as a condition of receiving any form of state-issued identification.

The BMV reports that if the state begins issuing driving authority permits to individuals who cannot prove they are lawfully present in the United States, the state could be considered noncompliant with requirements of the REAL ID Act and could be subject to loss of federal grant funds. Any potential loss of federal revenue would depend on the decision of the federal Department of Homeland Security regarding state compliance with the provisions of REAL ID.

[Note: There is an information request pending with the BMV regarding total grant funding received from the federal Department of Homeland Security tied to the state's compliance with the REAL ID Act. This information will be provided when the information becomes available.]

Financial Responsibility: This bill may result in the sale of motor vehicle insurance policies sold in the state. To the extent this occurs, the state will receive additional revenue from taxes paid on insurance premiums. Revenue received from the insurance premium tax is distributed to the General Fund. Actual increases in state revenue from insurance premiums are indeterminable. For FY 2012, approximately \$203 M in revenue was collected from the insurance premium tax.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV.

Local Agencies Affected:

Information Sources: Mark Goodrich, BMV; Harold Day, BMV.

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